

State of Rhode Island – Division of Taxation

Type of Tax

Regulation SU 04-131

Motor Vehicles and Nonmotorized Recreational Vehicles Sold to Nonresidents

Rhode Island dealers of motor vehicles and/or nonmotorized recreational vehicles are required to add and collect sales tax on the sale of a motor vehicle and/or a nonmotorized recreational vehicle to a bona fide nonresident of this state, whose state of residence imposes a sales tax on a motor vehicle or nonmotorized recreational vehicle to its nonresidents.

The dealer is required to collect tax on the sale at a rate equal to the rate that would be imposed in the nonresident's state of residence. However, the rate imposed may not exceed the Rhode Island sales and use tax rate. Taxes collected by the dealer must be remitted to the Rhode Island Division of Taxation on its monthly sales and use tax return.

Dealers, when required to add and collect a tax on the sale of motor vehicles or nonmotorized recreational vehicles to nonresidents, shall take into consideration the law of the state of the nonresident as it relates to the trade-in of motor vehicles or nonmotorized recreational vehicles.

FOR EXAMPLE, if a bona fide nonresident from State X buys a \$15,000 truck from a Rhode Island dealer less a \$5,000 trade-in or his truck, the Rhode Island dealer must add and collect a 5% Rhode Island sales tax (the equivalent State X sales tax rate) on the net selling price of \$10,000. A trade-in of the truck is allowed because State X allows for a trade-in of trucks. The Rhode Island sales tax in the amount of \$500 must be shown separately on the customer's bill of sale.

When filling out the "Dealer's Statement of Sale-Motor Vehicle Purchaser's Tax Return (T-336-1)" or "Dealer's Statement of Sale-Recreational Vehicle Purchaser's Tax Return (T-337)" for a nonresident sale (whether taxable or not), the nonresident's driver license number and expiration date must be indicated in the empty space at the top of the form.

The blue copy of the T-336-1 or the yellow copy of the T-337 is to be filed with the dealer's monthly Rhode Island sales and use tax return, the second copy to be furnished to the nonresident and the third copy to be kept by the dealer.

**R. GARY CLARK
TAX ADMINISTRATOR**

EFFECTIVE: January 1, 2004

THIS REGULATION AMENDS AND SUPERCEDES REGULATION SU 90-131 PROMULGATED DECEMBER 31, 1990.

CROSS REFERENCE: SU 04-141 "Trailers"